

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



Industry Circular No. 58-14

July 22, 1958

PREPARATION OF FORM 338 BY WHOLESALERS AND IMPORTERS

**Wholesale dealers in liquors, importers
of liquors; and others concerned:**

Purpose. The purpose of this industry circular is to clarify the policy with respect to the preparation of Form 338, Wholesale Liquor Dealer's Monthly Report, by those persons who are qualified as importers and as wholesalers.

Background. In recent years several amendments (Treasury Decisions 6151 and 6224) were made to the regulations to simplify recordkeeping and reporting requirements. It had been determined that the interests of the Government are served by records showing physical movement and physical possession of spirits without regard to ownership. It was also found that Customs records provide means for tracing alcoholic liquors from the original importer to the person into whose custody they are delivered from Customs custody.

As a result, 26 CFR 251.133 was amended to provide that importers (except where they receive imported spirits at a taxpaid premises operated in connection with their distillery or bonded warehouse or at a taxpaid bottling house or rectifying plant) shall keep records and render reports of the physical receipt and disposition of liquors in accordance with 26 CFR Part 194 ("Liquor Dealers").

It has now come to our attention that those persons who are qualified both as importers and as wholesalers have not been consistent in preparing Form 338. In some instances separate reports have been submitted on Form 338 to cover import and wholesale operations, while in other instances the two operations have been reported on one Form 338 by the importer-wholesaler. This inconsistency may have developed from varying conditions or methods of business operations which resulted in the application of the different requirements of 26 CFR 194.233 and 251.136.

Instructions. A separate report of import operations by wholesale liquor dealers serves no purpose. Therefore, an importer who takes actual physical possession of distilled spirits and who is also a wholesale liquor dealer, and whose place of business as an importer is the same as the premises where he receives and sends out distilled spirits as a wholesale liquor dealer, should submit but one report on Form 338 which would include all physical receipts and dispositions of spirits.

If the same importer's place of business is other than the premises where he receives and sends out distilled spirits as a wholesaler, and the locations are such as to make it advantageous to keep all records at one premises, it will be necessary for him, in order to maintain a single record and submit one report on Form 338 covering both import and domestic transactions, to apply to and receive the permission of the assistant regional commissioner so to do. If he wishes the records to be maintained at his importer's place of business, the application should be filed in accordance with 26 CFR 194.233; if he wishes the records to be maintained at the wholesale premises, the applications should be filed in accordance with 26 CFR 251.136.

Inquiries. Inquiries regarding this industry circular should refer to its number and be addressed to the office of your assistant regional commissioner.

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IRS - D. C. - 40374